

CHAPTER 307

UNAUTHORIZED INSURERS OTHER THAN LIFE

H. F. 222

AN ACT to amend chapter five hundred fifteen (515), Code 1962, relating to insurance other than life.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Chapter five hundred fifteen (515), Code 1962, is here-
2 by amended by adding thereto the following sections:

3 1. Nothing contained in this chapter shall be construed to prevent a
4 licensed resident agent of this state from procuring insurance in cer-
5 tain unauthorized insurers providing that such insurance is restricted
6 to the type and kind of insurance authorized by this chapter and the
7 agent makes oath to the commissioner of insurance in such form as is
8 prescribed by the commissioner that the agent has made diligent
9 effort to place said insurance in authorized insurers and has either
10 exhausted the capacity of all authorized insurers or has been unable
11 to obtain the desired insurance in insurers licensed to transact busi-
12 ness in this state. The procuring of any such contracts of insurance
13 in unauthorized insurers makes such insurers liable for, and the agent
14 shall pay, the taxes on such premiums as if such insurer were duly
15 authorized to transact business in the state. A sworn report of all
16 business transacted by agents of this state in such unauthorized in-
17 surers shall be made to the commissioner of insurance on or before
18 March 1st of each year for the preceding calendar year, on such form
19 as the commissioner of insurance may require; such report shall be
20 accompanied by a remittance to cover the taxes thereon. Any agent
21 who makes the oath as above provided, pays the taxes on the premiums
22 and files the report above provided, shall not be deemed to have writ-
23 ten such contracts of insurance unlawfully, and such agent shall not
24 be personally liable for such contracts.

25 2. No agent shall knowingly place insurance, either directly or
26 through an intermediary broker, in insurers who are insolvent or un-
27 sound financially; and in no event shall an agent place or renew any
28 insurance with unauthorized insurers found by the commissioner of
29 insurance to have failed or refused to furnish in such manner as is
30 provided in the following section, information reasonably showing the
31 ability or willingness of such insurers to satisfy obligations undertaken
32 with respect to insurance issued by them.

33 3. The information required of non-admitted insurers under the
34 preceding paragraph may consist of a copy of such insurer's current
35 annual statement, duly verified, or evidence of any trust funds or
36 deposits maintained by such insurers for the protection of their policy-
37 holders, or both, or other material of such general description and
38 relevancy, as the commissioner may require. Such information shall
39 be furnished at the sole cost and expense of the unauthorized insurers
40 either to the commissioner directly, or furnished to the National
41 Association of Insurance Commissioners for the use of its members
42 and their staffs, including the commissioner of insurance of this state
43 and his staff, or for dissemination to him by the Central Non-admitted
44 Insurers Information Bureau of the said association or by any other

45 agency or instrumentality of that association designed to receive and
 46 disseminate such information. The provisions of this Act shall not
 47 apply to insurance of vessels, craft or hulls, cargoes, marine builder's
 48 risk, marine protection and indemnity or other risk including strikes
 49 and war risks commonly insured under ocean or wet marine forms of
 50 policy.

51 4. The commissioner of insurance shall promulgate such rules as are
 52 reasonable and necessary to regulate the placement of insurance in
 53 unauthorized insurers.

Approved April 25, 1963.

CHAPTER 308

MORTGAGE GUARANTY INSURANCE

H. F. 319

AN ACT regulating the sale of mortgage guaranty insurance by licensed insurance companies.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. "Mortgage guaranty insurance" means insurance
 2 against financial loss by reason of nonpayment of principal, interest
 3 and other sums agreed to be paid under the terms of any note or bond
 4 or other evidence of indebtedness secured by a mortgage, deed or trust
 5 or other instrument constituting a lien or charge on real estate.

1 SEC. 2. Eligibility for mortgage guaranty insurers shall be as fol-
 2 lows:

3 (1) An insurer, in order to qualify for writing mortgage guaranty
 4 insurance, must have the same surplus to policyholders as that re-
 5 quired of a multiple line company by section five hundred fifteen point
 6 forty-nine subsection eight (515.49(8)) of the Code.

7 (2) An insurer transacting any class of insurance other than mort-
 8 gage guaranty insurance is not eligible for the issuance of a certificate
 9 of authority to transact mortgage guaranty insurance in this state,
 10 nor the renewal thereof.

11 (3) A foreign or alien insurer writing mortgage guaranty insurance
 12 shall not be eligible for the issuance of a certificate of authority in
 13 Iowa unless it has demonstrated a satisfactory operating experience
 14 in its state of domicile.

1 SEC. 3. The unearned premium reserve shall be computed in ac-
 2 cordance with section five hundred fifteen point forty-seven (515.47)
 3 of the Code, except that all premiums on risks written for one year or
 4 less must be reserved on a monthly pro rata basis, and the reserve for
 5 those policies covering a risk period of more than five years shall be
 6 computed in accordance with formulae filed by the insurer and ap-
 7 proved by the commissioner of insurance.

1 SEC. 4. For the protection of the people of this state and for the
 2 purpose of protecting against the effect of adverse economic cycles,